

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 XMB-02 /126 W
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R 160350Z SEP 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6742

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

USMISSION GENEVA

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 12124

PARIS FOR CIEC

E.O. 11652: GDS

TAGS: OECD, EGEN, CIEC, EAID, ID

SUBJECT: INDONESIA AND NORTH-SOUTH DIALOGUE

REFS: A. JAKARTA 11953, B. STATE 226257, C. PARIS 26571

D. STATE 208183

1. SUMMARY: INDONESIA'S IDENTIFY THEMSELVES CLOSELY WITH
INTERESTS DEVELOPING COUNTRIES IN NORTH-SOUTH DIALOGUE AND
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PLAN TO CONTINUE MODERATELY AGGRESSIVE LEADERSHIP ROLE.

U.S. POSITION UNDERSTOOD BUT NECESSITY FOR CREDIBILITY AMONG G-77 WILL OFTEN REQUIRE GOI TO TAKE OPPOSITE POSITIONS. UNCTAD CONSIDERED MOST DESIRABLE FORUM FOR NEGOTIATION THESE ISSUES. EMPHASIS LIKELY TO CONTINUE ON COMMON FUND AND DEBT. END SUMMARY.

2. IN TWO-HOUR PRIVATE MEETING SEPTEMBER 14 I HAD OPPORTUNITY EXPLORE INDONESIAN POLICIES ON NORTH-SOUTH ISSUES WITH MINISTER OF PLANNING AND NATIONAL ECONOMY WIDJOJO. HE HAS BEEN PRINCIPAL INDONESIAN REPRESENTATIVE AT UNCTAD IV, G-77 MEETINGS, AND NON-ALIGNED CONFERENCE AND, NEXT TO PRESIDENT, IS MOST IMPORTANT POLICY MAKER WITHIN GOI ON THESE ISSUES.

3. WIDJOJO ACKNOWLEDGED THAT RECENT MONTHS HAD SEEN INCREASE IN INDONESIAN ACTIVITY ON NORTH-SOUTH ISSUES. HE EXPLAINED THAT INTERNATIONAL ECONOMIC ISSUES HAD PREVIOUSLY BEEN LEFT TO FOREIGN OFFICE WHICH HAD "TALKED" BUT HAD DONE VERY LITTLE. IN WIDJOJO'S VIEW, SERIOUS MATTERS WERE DEVELOPING BETWEEN INDUSTRIALIZED AND DEVELOPING NATIONS AND "TIME FOR TALK WAS PAST." RESOLUTION OF THESE PROBLEMS WAS IMPORTANT TO INDONESIA BECAUSE INDONESIA WOULD SUFFER IF THERE WERE MAJOR CONFRONTATION BETWEEN RICH AND POOR NATIONS. ACTIVE INDONESIAN ROLE BEGAN IN ASIAN GROUP SESSION IN JAKARTA FOLLOWED BY MEETING OF G-77 IN MANILA. WIDJOJO FEELS COUNTRIES IN ASIA ARE PARTICULARLY EFFECTED BY COMMODITIES PROBLEMS AND IS CONVINCED INDONESIA CAN PLAY SIGNIFICANT AND POSITIVE ROLE.

4. ACCORDING TO WIDJOJO, PART OF PROBLEM HAS BEEN TO GET INDUSTRIAL NATIONS TO TAKE WORK AND DETERMINATION OF DEVELOPING COUNTRIES SERIOUSLY. WHEN HEADS OF ASEAN DELEGATIONS MET WITH JAPANESE AT UNCTAD IV, FOR EXAMPLE, JAPANESE EXPRESSED GREAT SURPRISE AT SERIOUSNESS WITH WHICH ASEAN MEMBERS REGARDED COMMODITIES ISSUES.

5. INDONESIA'S ROLE IN ASSERTING LEADERSHIP REQUIRES IT TO MAINTAIN ITS CREDIBILITY AMONG DIVERSE GROUP OF COUNTRIES IN G-77. FOR THIS REASON PUBLIC POSTURE CHALLENGING

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DEVELOPED COUNTRIES IS OFTEN NECESSARY. INDONESIA HAS ALSO PLACED EQUAL STRESS ON DEBT PROBLEM WHICH DOES NOT EFFECT INDONESIA DIRECTLY BUT WHICH IS OF GREAT INTEREST TO POORER NATIONS.

6. TO WIDJOJO, PRIMARY GROUPING IS G-77 WHICH INCLUDES ALL AFFECTED NATIONS. IN HIS VIEW, ANY SIGNIFICANT NEGOTIATIONS OUTSIDE OF UN FRAMEWORK IS DIFFICULT AND, THEREFORE,

INDONESIA LOOKS TO UNCTAD AS PRIMARY FORUM IN WHICH
NEGOTIATIONS BETWEEN NORTH AND SOUTH SHOULD TAKE PLACE.
SIXTH AND SEVENTH SPECIAL SESSIONS OF UNGA SERVED IMPORTANT
PURPOSE BUT WIDJOJO DOES NOT BELIEVE DETAILED ISSUES CAN
USEFULLY BE RAISED AGAIN UNGA.

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R 160350Z SEP 76
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PARIS FOR CIEC

7. NON-ALIGNED CONFERENCE CAN NOT BE FULLY SATISFACTORY
FORUM SINCE SIGNIFICANT COUNTRIES SUCH AS PAKISTAN AND
IRAN ARE NOT INCLUDED. POLITICALLY, INDONESIA MUST PARTI-
CIPATE IN NON-ALIGNED GROUP AND, BECAUSE OF GROUP'S

IMPORTANCE, SEEK TO EXERT INFLUENCE TOWARD CONSTRUCTIVE DISCUSSIONS OF ECONOMIC ISSUES. EXCEPT FOR AFRICANS, WHO ARE "STILL IN RHETORICAL STAGE", WIDJOJO FOUND DISCUSSIONS AT COLOMBO CONSIDERABLY MORE PROFESSIONAL THAN THOSE AT LUSAKA NON-ALIGNED CONFERENCE WHICH HE ALSO ATTENDED. CONFIDENTIAL

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GROUP, FOR EXAMPLE, REFUSED TO CONSIDER BANK PROPOSAL OF MRS. BANDARANAIKE BECAUSE THERE HAD BEEN NO PRIOR CONSULTATION. INDONESIA ALSO MADE SPECIAL AND REASONABLY SUCCESSFUL EFFORT KEEP ECONOMIC RESOLUTIONS AT COLOMBO CONSISTENT WITH POLICIES OF G-77 AND UNCTAD.

8. CIEC FORUM DIFFICULT BECAUSE NOT ALL NATIONS OF G-77 PRESENT. THOSE NOT INCLUDED ENTERTAIN SUSPICIONS TOWARD CIEC AND TOWARD DEVELOPING COUNTRIES PARTICIPATING THEREIN. INDONESIA HAS SPECIAL PROBLEM WITH ASEAN MEMBERS AND MAKES CONCERTED EFFORT TO KEEP THEM INFORMED OF CIEC DEVELOPMENTS AND TO INCLUDE ASEAN COUNTRY REPRESENTATIVES AS ADVISORS ON INDONESIAN DELEGATION.

9. CURRENT MEETING OF DEVELOPING COUNTRIES IN MEXICO IS VERY IMPORTANT, ACCORDING TO WIDJOJO, BECAUSE IT CONCENTRATES ON EXCHANGE OF EXPERIENCE AMONG DEVELOPING COUNTRIES. HE COMMENTED THAT IT WAS SURPRISING HOW IGNORANT DEVELOPING COUNTRIES WERE OF EACH OTHER'S EXPERIENCE IN FACING DEVELOPMENT PROBLEMS.

10. REF. C WAS RECEIVED JUST BEFORE MEETING AND PROVIDED EXCELLENT OPPORTUNITY SHOW FORWARD PROGRESS AT PARIS. I EMPHASIZED SINCERITY U.S. POSITION ON MAJOR NORTH-SOUTH ISSUES, EXPLAINING PROBLEMS WE HAD WITH PRIOR COMMITMENTS TO UNDEFINED CONCEPTS AND OUR CONCERNS OVER POSSIBLE COURSE OF COMMODITY DISCUSSIONS AS OUTLINED IN REF. D. I EXPRESSED REGRET THAT INTERNATIONAL RESOURCES BANK HAD NOT RECEIVED GREATER ATTENTION AT NAIROBI.

11. WIDJOJO SAID HE HAD ALSO HEARD OF AGREEMENT ON WORK PROGRAM IN PARIS WHICH HE ATTRIBUTED TO CLOSE WORKING RELATIONSHIP BETWEEN MACEACHEN AND PEREZ GUERRERO. WIDJOJO SAID HE UNDERSTOOD SPECIAL PROBLEMS OF UNITED STATES BUT FELT STRONGLY THAT FORTHCOMING AMERICAN ATTITUDE AND ACKNOWLEDGEMENT OF CONSTRUCTIVE WORK OF DEVELOPING COUNTRY MEMBERS WAS IMPORTANT IF DIALOGUE WAS TO BE KEPT ON CONSTRUCTIVE LEVEL. THERE WERE IMPATIENT MEMBERS WHO FELT THEY COULD GAIN BY PRESSING MUCH HARDER. WIDJOJO SAID HE RECOGNIZED IMPORTANCE OF PARIS BUT EXPRESSED SKEPTICISM THAT WORK OF PARIS MEETINGS COULD BE COMPLETED CONFIDENTIAL

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BY DECEMBER.

12. ON INTERNATIONAL RESOURCES BANK, HE SAID IDEA HAD BEEN LAUNCHED WITHOUT CONSULTATION AND AT TIME WHEN WHOLE STRATEGY OF INDONESIA WAS TO KEEP FCUS ON COMMODITEIS AND COMMON FUND. ENDORSEMENT OF IRB WOULD HAVE BROUGHT DIFFERENCES WITHIN GROUP WHICH WHOULD NOT HAVE BEEN HELPFUL TO ACHIEVING RESULTS DESIRED BY INDONESIA. WIDJOJO COMMENTED THAT IRB WAS NOW ON TABLE AT PARIS MEETINGS WHERE IT CAN BE STUDIED MORE CAREFULLY.

13. WHEN I ASKED HIS VIEW ON DEBT PROBLEM, WIDJOJO SIAD HE REALIZED THIS WAS LONG TERM QUESTION. WHEN INDONESIA RESCHEDULED ITS DEBTS OTHER GOVERNMENTS AND BANKS KEPT REMINDING GOI THAT THIS WAS VERY SPECIAL CASE. WIDJOJO FELT THAT OTHER COUNTRIES SHOULD NOT HAVE TO REPEAT SAME EXPERIENCE; THAT MECHANIAM SHOULD BE CREATED FOR DEALING MORE AUTOMATICALLY WITH ISSUE. CURRENT STRESS IS ON MAKING OTHERS, PARTICULARLY INDUSTRIALIZED COUNTRIES, AWARE OF PROBLEM. GOI WANTS MECHANIAM FOR RESCHEDULING DEBTS FOR POOREST COUNTRIES; GOI NOT PROPOSING FORGIVENESS. WIDJOJO COMMENTED THAT THERE ARE OBVIOUS DIFFERENCES WITHIN G-77, WITH OPEC MEMBER COUNTRIES AS INTERESTED INPROPER ATMOSPHERE FOR CREDIT EXTENSION AS ARE DEVELOPED COUNTRIES.

14. COMMENT: MY MEETING CONFIRMED ASSESSMENTS WHEICH I HAD RECEIVED FROM OTHERS THAT WIDJOJO, AS TECHNOCRAT, REGARDS NORTH-SOUTH ISSUES AS PROBLEMS NEEDING TO BE RESLOVED. NOT ONLY DOES HE SEE SATISFACTORY LEVEL OF EXPORT EARNINGS AS IMPORTANT TO INDONESIA BUT HE FEELS INDONESIA CAN PLAY SIGNIFICANT ROLE IN CREATING NEW ARRANGEMENTS. HE IS NOT DOCTRINAIRE BUT IS AWARE THAT INDONESIA CAN NOT DEPART TOO MUCH FROM RHETORICAL NORM OF G-77 AND RETAIN ITS INFLUENCE. WHILE I DO NOT FORESEE THAT WE CAN EXPECT RINGING ENDORSEMENTS FROM WIDJOJO OF AMERICAN PROPOSALS, HE IS RECEPTIVE TO AN UNDERSTANDING OF OUR POSITION AND COMMUNICATION WITH HIM REMAINS IMPORTANT BOTH IN JAKARTA AND WHEN HE IS ABROAD.

15. EMBASSY DEEPLY APPRECIATES PROMPT DEPARTMENTAL RESPONSE (REF. B) TO REQUEST FOR QUICK INSTRUCTIONS FOR
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WIDJOJO MEETING.
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